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RUEHBJ/AMEMBASSY BEIJING 6249  
RUEHKO/AMEMBASSY TOKYO 6339  
RUEHGH/AMCONSUL SHANGHAI 0966  
RUEHSH/AMCONSUL SHENYANG 4698  
RUEHIN/AIT TAIPEI 3670  
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UNCLAS SECTION 01 OF 06 SEOUL 001081

SIPDIS

E.O. 12958: N/A  
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SUBJECT: SEOUL - PRESS BULLETIN; July 8, 2009

TOP HEADLINES

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Chosun Ilbo, Dong-a Ilbo, All TVs  
Simultaneous "Cyber Terror" Attacks on Major Internet Sites  
at Home and Abroad

JoongAng Ilbo  
Blue House, Defense Ministry Homepages Attacked

Hankook Ilbo, Segye Ilbo, Seoul Shinmun  
Unreasonable Tax Cuts Cause Unreasonable Tax Increases;

In a Desperate Attempt to Restore Fiscal Health, ROKG Seeks  
to Levy More Taxes on Landlords, Smokers and Drinkers

Hankyoreh Shinmun  
ROKG Found to Have Used Obsolete Data for Environmental Impact  
Assessment of Four-Rivers Restoration Projects

DOMESTIC DEVELOPMENTS

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An unnamed ROKG official said yesterday that the ROKG plans to begin  
talks to revise the Atomic Energy Agreement with the U.S. around  
October and to seek U.S. agreement on the ROK's self-production of  
low-enriched uranium, the fuel required to operate nuclear reactors.  
(JoongAng, Dong-a, Hankyoreh, Segye, Seoul, all TVs)

The USFK said yesterday that it will open a three-day humanitarian  
assistance and disaster relief multilateral conference from July  
8-10 at Yongsan Garrison in Seoul to brace for a possible collapse  
of North Korea. (Chosun)

James J. Przystrup, a senior research fellow at the Institute for  
National Strategic Studies (INSS), in a July 7 seminar hosted by the  
Korea Research Institute for Strategy, called for Seoul and  
Washington to establish a contingency plan for an emergency in North  
Korea because there is increasing uncertainty about the North.  
(JoongAng)

INTERNATIONAL NEWS

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President Barack Obama, when asked in a July 7 CBS interview how precarious the security situation is in the wake of North Korea's nuclear tests and the new sanctions that resulted, said: "I don't think that any war is imminent with North Korea. I think they understand that they would be overwhelmed in a serious military conflict with the U.S." (Chosun)

Under Secretary of Treasury for Terrorism and Financial Intelligence Stuart Levey will visit China and Hong Kong this week to step up efforts to cut off sources of hard currency for the North Korean regime. (Dong-a, Hankook, Segye, all TVs)

#### MEDIA ANALYSIS

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##### -N. Korea

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Conservative Chosun Ilbo quoted President Barack Obama, when asked in a July 7 CBS interview how precarious the security situation is in the wake of North Korea's nuclear tests and the new sanctions that resulted, as saying: "I don't think that any war is imminent with North Korea. I think they understand that they would be overwhelmed in a serious military conflict with the U.S."

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Most ROK media reported on Under Secretary of Treasury for Terrorism and Financial Intelligence Stuart Levey's visits to China and Hong Kong this week to step up efforts to cut off sources of hard currency for the North Korean regime. Conservative Dong-a Ilbo's headline read: "U.S. Poised to Squeeze N. Korea's Financial Belt from China to Southeast Asia"

Regarding USFK Commander Gen. Walter Sharp's supposed remarks that Washington could discuss revising the bilateral agreement restricting the range of the ROK's ballistic missiles, a Dong-a Ilbo editorial argued: "North Korea has fired 18 missiles this year, including a long-range missile that flew 3,200 km. ... Military experts have raised fears, with one saying, 'North Korea now has the capacity to attack key military targets across South Korea.' This is a threat as serious as the North's nuclear weapons. Seoul's missile capacity lags far behind Pyongyang's. Under the (current) agreement, the ROK cannot develop ballistic missiles with a range of 300 km or more and weighing 500 kilograms or more. Seoul has the technology but cannot adequately tackle Pyongyang's missile threat due to the missile agreement with Washington."

President Obama's Visit to Russia  
Right-of-center JoongAng Ilbo carried an analysis that said that President Obama earned two things during his visit to Russia: First, by winning Russian concessions to allow U.S. troops and weapons bound for Afghanistan to fly over Russian territory, President Obama can save \$133 million in military spending annually. Furthermore, by successfully concluding negotiations with Russia, President Obama has removed concerns about his lack of diplomatic experience.

JoongAng Ilbo editorialized: "By reaching an historic agreement with Russian President Medvedev on nuclear arms reduction, President Obama made it clear that a 'nuclear-free world' is not merely rhetoric but a practical goal the human race should pursue. ... The U.S. and Russian leaders have come closer to fulfilling the obligations required by the Nuclear Non-Proliferation Treaty (NPT), thus securing the justification to call on other countries to comply with their obligations under the NPT. This is why this agreement must and will be a significant first step toward a 'nuclear-free world.'"

##### -Uighur Riots in Xinjiang

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Conservative Chosun Ilbo noted in an inside-page report that Beijing's invitation of foreign journalists to Urumqi, Xinjiang's capital and the site of the unrest, is a radical departure from its

previous practice of blocking foreign access whenever there were large incidents or ethnic clashes in the country. Chosun wrote in the headline: "China's Opening of the Site of Unrest is a Scheme to Highlight the Violence of Uighurs."

Right-of-center JoongAng Ilbo wrote in an editorial: "The Uighurs are the most proactive people among the 55 minority ethnic groups in China in seeking independence from China. Accordingly, if the current riots and Beijing's strong crackdown continue in the Xinjiang Uyghur Autonomous Region, the region will inevitably be plunged into extreme chaos. Furthermore, given that certain forces in neighboring Muslim countries support the Uighurs' independence, the situation might escalate into a new instability in international politics."

Left-leaning Hankyoreh Shinmun, in an editorial entitled "Uighur Incident: the Problem Lies in Beijing's Discrimination and Exclusion of Uighurs," argued: "Unless China makes proactive efforts to respect the national identities of minority ethnic groups and to reduce economic discrimination against them, the volatile situations in the Xinjiang and Tibetan regions will continue. It is high time for China to reexamine its policies toward minority ethnic groups."

#### OPINIONS/EDITORIALS

##### ROK NEEDS A STRONGER MILITARY

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(Dong-a Ilbo, July 8, 2009, Page 31)

U.S. Forces Korea commander Gen. Walter Sharp (was reported to have) recently said Washington could discuss a revision to the bilateral agreement restricting the range of Korea's ballistic missiles. He (purportedly) said this at a briefing to assistants to ruling and opposition party lawmakers. Back in April, Prime Minister Han Seung-soo told the National Assembly, "It is time for a revision to the missile agreement to be seriously discussed at the (South) Korea-U.S. defense ministers meeting." Sharp's comments can be seen as a positive U.S. response to Han's statement. (Editor's Note: We understand General Sharp made no such comment.)

Additionally, North Korea has fired 18 missiles this year, including a long-range missile which flew 3,200 kilometers. Most of them, however, were short-range missiles with a range between 100 and 400 kilometers. Military experts have raised fears, however, with one saying, "North Korea now has the capacity to attack key military targets across South Korea." This is a threat as serious as the North's nuclear weapons. Seoul's missile capacity lags far behind Pyongyang's. Under the agreement, South Korea cannot develop ballistic missiles with a range of 300 kilometers or more and weighing 500 kilograms or more. Seoul has the technology but cannot adequately tackle Pyongyang's missile threat due to the missile agreement with Washington.

The missile restriction dates back to the Park Chung-hee Administration of the 1970s. When South Korea began developing missiles, the U.S. intervened to restrict their limit to 180 kilometers. The range was extended to 300 kilometers through a revision in 2001, but the gap between the two Koreas is expanding. Even just to deter North Korea's missile threat, the restriction to the missile range must be lifted. Now that Washington has admitted the need for revision (Editor's Note: we do not believe this is correct), the two sides must promptly begin steps to revise the agreement. The two sides are hoping, at the latest, to come up with tangible results at the Security Consultative Meeting scheduled for October.

In order to prepare for North Korea's nuclear and missile threats, the ROKG will invest 178 trillion won implementing the "mid-term National Defense Plan for 2010-2014" starting next year. The point of the plan is to build a system to shield computers and telecommunications equipment from electromagnetic waves caused by a nuclear explosion and to introduce the Global Hawk unmanned high-altitude aircraft. On top of this, if we can extend our

missile range to 550 kilometers and put the whole of North Korea within striking range, our deterrence against the North will be bolstered considerably. The Joint Vision for the ROK-U.S. Alliance, which President Lee Myung-bak and U.S. President Barack Obama agreed to at their summit in Washington last month, says, "The Republic of Korea will take the lead role in the combined defense of Korea, supported by an enduring and capable U.S. military force presence on the Korean Peninsula, in the region and beyond." There is no reason to believe that Seoul cannot spearhead missile defense.

The two allies need to further develop their alliance into one that aims to attain strategic goals for the Asia-Pacific region and the globe, beyond the Korean Peninsula. To do that, South Korea's military capacity must be boosted to a level where it can effectively deter North Korea's military threat.

(This is a translation provided by the newspaper, and it is identical to the Korean version. As noted, our understanding is that General Sharp made no such comments, so the article should be read with that caveat.)

U.S.-RUSSIA AGREEMENT SHOULD BE THE FIRST STEP TOWARD A  
'NUCLEAR-FREE WORLD'  
(JoongAng Ilbo, July 8, page 42)

The U.S. and Russia, which control 95% of the world's nuclear arsenal, agreed to a big framework for reducing additional nuclear

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weapons. During a July 6 meeting, U.S. President Barack Obama and Russian President Dmitry Medvedev signed a memorandum of understanding, containing a draft of a replacement pact for the Strategic Arms Reduction Treaty- 1 (START-1), which will be effective at the end of this year. The draft calls on the U.S. and Russia to limit their arsenal of strategic nuclear warheads to between 1,500-1,675 each, and their Intercontinental Ballistic Missiles (ICBM) for delivering nuclear bombs to a range of 500 to 1,100 within seven years.

At present, the U.S. and Russia possess about 2,200 and 2,800 strategic nuclear warheads, and about 1,190 and 810 strategic delivery vehicles, respectively. If the new agreement is implemented, the number of strategic nuclear warheads will be significantly reduced to three-fifths the current level and the number of the ICBM will be reduced by half until the end of 2016. The agreement is a historic landmark in strategic nuclear disarmament which began in the 1980s.

There remain some hurdles before the U.S. and Russia sign the final agreement. The most contentious issue between two countries, deployment of a U.S. Missile Defense (MD) system in Eastern Europe, has yet to be resolved. During the summit, President Obama requested that Russia wait for some time before reviewing this issue, but it is unlikely to be settled unless the plan itself is rolled back. There is a possibility that deployment of the MD system in Poland and the Czech Republic may hinder the progress of the new nuclear reduction agreement. As it is said that the "devil is in the details," verification processes may become a final variable. It is hoped that the two leaders will overcome these obstacles, and that their commitment to nuclear reduction will yield substantial results within the year.

"A nuclear-free world" is an ideal President Obama openly professed in Prague in April. By reaching an historic agreement with Russian President Medvedev on nuclear arms reduction, President Obama made it clear that a 'nuclear-free world' is not merely rhetoric but a practical goal the human race should pursue. Five nuclear countries under the NPT, the U.S., Russia, China, Britain and France, should bear the responsibility for ultimate denuclearization. The U.S. and Russian leaders have come closer to fulfilling the obligations required by the Nuclear Non-Proliferation Treaty (NPT), thus securing the justification to call on other countries to comply with their obligations under the NPT. This is why this agreement must and will be a significant first step toward a 'nuclear-free world'.

A meeting for reviewing the NPT will be held next year. If the U.S. and Russia sign the final agreement, much more intense pressure will be placed not only on NPT members but also countries which have sought nuclear development outside of the NPT system. During the meeting, the U.S. and Russia strongly urged North Korea and Iran to accept international calls for denuclearization. North Korea should take the U.S. and Russia's historic agreement on nuclear reduction seriously. Denuclearization and non-proliferation are the norm and "moral law" of the international community in the 21st century.

ROK-U.S. MISSILE GUIDELINES SHOULD BE REVISED TO RESPOND TO N.  
KOREAN MISSILES  
(Chosun Ilbo, July 8, page 35)

During a policy meeting with National Assembly Defense Committee advisers in Seoul, a senior official at the ROK-U.S. Combined Forces Command (CFC) said that if the ROK wants to revise the ROK-U.S. missile guidelines, the two sides could discuss the issue, possibly at their annual Security Consultative Meeting (SCM). The ROK-U.S. missile guidelines deal with mutual cooperation in missiles, but at the same time restricts the range of ROK missiles. When signed in the 1970s, the guidelines restricted the ROK's missile capacity to a 180 kilometer range and with a 500 kilogram payload. In 2001, the missile pact was renegotiated to extend the permitted range of missiles to 300 kilometers.

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While the guidelines have hampered the ROK from enhancing its missile capabilities, North Korea has emerged as a missile power. In the early 1980s, North Korea began to manufacture Scud missiles and successfully deployed 600 Scud B's with a range of 300km and Scud C's with a range of 500km, and 200 Rodong missiles with a range of 1,300km. Considering that the long-range rocket, which North Korea launched on April 5, traveled 3,200km, there is a high possibility that North Korea will possess Intercontinental Ballistic Missiles (ICBM) soon.

Five of the seven Scud and Rodong missiles that the North fired on July 4 traveled 420 kilometers and splashed into a targeted area in the East Sea (Sea of Japan). The accuracy of the four KN short-range missiles launched on July 2 was found to have improved considerably as well. North Korea now has the capability to hit accurately a target in all of the ROK and Japan. On the contrary, the ranges of the ROK's Hyunmoo I and II and ATACMS missiles are too short to target major military facilities throughout North Korea. Military experts say that only when a ballistic missile has a range of more than 700 kilometers can it hit any target in North Korea from the rear areas of the ROK.

ROK-U.S. missile guidelines provide that "(the Agreement) shall be revised when security conditions change." North Korea conducted two nuclear tests and dramatically improved its missile range and accuracy. This suggests that security conditions have fundamentally changed.

The U.S. is adhering to its position that it will transfer wartime operational control to the ROK in April, 2012, as scheduled. With the shift of wartime operational command drawing nearer, the ROK and the U.S. should swiftly find ways to correct an imbalance between missile capabilities of the ROK and the North, starting from a revision of the missile guidelines. The ROK's survival depends on whether the ROK is equipped with the capability to counter a North Korean missile.

FEATURES  
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FOCUS IS ON WHETHER THE ROK WILL BE ALLOWED TO PRODUCE ITS OWN  
LOW-ENRICHED URANIUM  
(Dong-a Ilbo, July 8, 2009, Page 8)

By Reporter Kim Young-sik

Seoul plans to talk with the U.S. around October to revise the Atomic Energy Agreement.

The ROKG reportedly plans to begin talks to revise the Atomic Energy Agreement with the U.S. as early as October and seek U.S. agreement on the ROK's self-production of low-enriched uranium and reprocessing of spent fuel rods.

An ROKG official stressed on July 7 that this move is for economic reasons, saying, "We will revise the ROK-U.S. Atomic Energy Agreement so that the ROK, the world's sixth-largest country in terms of nuclear power generation, can expand the use of atomic energy and should not have difficulty exporting (the energy.)" He added, "If we are allowed to enrich uranium-235 to 2-5 percent, it will also be helpful to our nuclear energy exports. I am not saying that only enrichment and reprocessing are the goals of negotiations, but ultimately, there should be no problem in Korea becoming an atomic energy power."

In particular, the ROKG will reportedly persuade the U.S. that "pyro-processing," which the ROK has studied to reprocess spent nuclear fuel, is a fuel recycling, not reprocessing, measure. Cho Hyun, Ambassador for Energy and Resources at the Ministry of Foreign Affairs and Trade, who heads the ROK delegation to the negotiations over the revision of the ROK-U.S. Atomic Energy Agreement, said on July 7, "We have decided to have negotiations with the U.S. to revise the Atomic Energy Agreement within this year. The talks will

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begin in October or November." The ROK and the U.S. have agreed to negotiate for a revision of the ROK-U.S. Atomic Energy Agreement, which expires in March, 2014.

STEPHENS